

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of:)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
1998 Biennial Regulatory Review -)	CC Docket No. 98-171
Streamlined Contributor Reporting)	
Requirements Associate with)	
Administration of Telecommunications)	
Relay Service, North American Numbering)	
Plan, Local Number Portability, and)	
Universal Service Support Mechanisms)	
)	
Telecommunications Services for)	CC Docket No. 90-571
Individuals with Hearing and Speech)	
Disabilities, and the Americans with)	
Disabilities Act of 1990)	
)	
Administration of the North American)	CC Docket No. 92-237
Numbering Plan and North American)	NSD File No. L-00-72
Numbering Plan Cost Recovery)	
Contribution Factor and Fund Size)	
)	
Number Resource Optimization)	CC Docket No. 99-200
)	
Telephone Number Portability)	CC Docket No. 95-116
)	
Truth-in-Billing and Billing Format)	CC Docket No. 98-170

To: To the Commission

REPLY COMMENTS ON STAFF STUDY

WebLink Wireless I, L.P. ("WebLink"), by its attorneys, hereby submits its Reply Comments, pursuant to *Order*, DA 03-1009 released on March 27, 2003 in the above-captioned proceeding. The *Order* revised filing dates for comments on an FCC staff study relating to

alternative methodologies for calculating contributions to the federal universal service support system ("Staff Study"), in connection with the reform of the revenue-based contribution mechanism of the Universal Service Fund ("USF") program.¹

The Commission, in the *Staff Study Public Notice*, stated that the study was created "for the sole purpose of developing a more detailed record" in the *Second Further Notice of Proposed Rulemaking*.² While WebLink commends the staff for its work in its study, it is concerned about certain assumptions and conclusions that the Staff Study made, in particular with regard to messaging providers. Other commenters have expressed their reservations concerning the Staff Study, as well. Accordingly, WebLink requests that the Commission also consider the concerns of the staff study commenters as part of the detailed record.

In support, the following is respectfully shown.

I. DISCUSSION

1. Incorrect Assumptions and Flawed Conclusions

All of the messaging commenters discussing the Staff Study question the assumptions that the Staff Study made with respect to the average monthly paging revenue data, the per pager contribution and particularly, the interstate revenue allocation. The Staff Study assumed

¹ *Commission Seeks Comment on Staff Study Regarding Alternative Contribution Methodologies*, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, Public Notice, FCC 03-31 (rel. Feb. 26, 2003) ("Staff Study Public Notice").

² *Federal-State Joint Board on Universal Service, 1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans With Disabilities Act of 1990, Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, Number Resource Optimization, Telephone Number Portability, Truth-in-Billing Format*, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, *Report and Order and Second Further Notice of Proposed Rulemaking*, 17 FCC Rcd 24952 (2002) ("Second FNPRM").

that messaging systems would continue to report 16 percent of their revenues as interstate.³ That assumption is perplexing in light of the Commission's recent endorsement of the existing 12% interstate revenue safe harbor for messaging.⁴

Verizon also raised its concerns regarding the Staff Study's projected growth rates for wireless carriers, particularly paging carriers.⁵ Additionally, CTIA stated that for CMRS providers, the Staff Study projections vary from industry analyst assumptions i.e., the Staff Study projects CMRS subscribers growth to 171.3 million in 2005, 181.8 million in 2006 and 189.4 in 2007, yet industry analysts predict a slower rate of growth of 168.97 in 2005, 175.78 in 2006 and 181.75 in 2007.⁶

Based on these faulty projections, the Staff Study forecasts that USF contribution would increase in the messaging industry based on growth, despite the well recognized fact that the messaging industry is continuing to experience decline.⁷ The messaging commenters agreed that as a result of these incorrect assumptions, it is difficult for them to assess the impact of the various scenarios.⁸ Consequently, it is submitted that the record does not accurately reflect actual data for messaging carriers and the Commission should not rely on the Staff Study to draw its conclusions, and make its decisions, concerning USF contributions from the messaging industry.

³ Staff Study at 15.

⁴ *Report and Order* at ¶¶21-23.

⁵ Staff Study Comments of Verizon Wireless ("Verizon Wireless") at 3.

⁶ Staff Study Comments of Cellular Telecommunications & Internet Association ("CTIA") at 5 n. 12.

⁷ Comments of Arch Wireless Operating Company, Inc. ("Arch") at 2-3; Allied National Paging Association ("Allied") at 14; Metrocall Holdings, Inc. (Metrocall") at 11; WebLink at 5.

⁸ Staff Study Comments of Arch at 6-7; Staff Study Comments of American Association of Paging Carriers ("AAPC") at 3-4; Staff Study Comments of Metrocall at 6; Staff Study Comments of WebLink at 8.

Other commentators also question the assumptions of the Staff Study and the conclusions it reaches. For example, VMU asserts that the Staff Study overstates the growth in wireless subscribership because of the assumption that the industry will not reach saturation and/or decline; and that further, Staff Study underestimates the increase in USF contributions of residential customers in the connection-based proposals.⁹ Because of these faulty projections, VMU states that the revenue projections for wireless subscribers in the Staff Study are too high.¹⁰

Other commentators raise additional issues: the Staff Study fails to reveal the full impact of the various proposals on residential customers because it does not look at different segments of residential customers;¹¹ staff predictions of industry segment contributions seem to promote inequitable and discriminatory treatment of different segments;¹² the Staff Study assumes that independent payphone company lines would decline by 2 percent per year although the decline in independent PSP lines has been significantly greater than two percent per year;¹³ and “[i]n addition to the numerous assumptions about revenue trends, another likely source of error in the Staff Study is the study’s failure to explicitly model the ‘feedback’ between the contribution factor and reported interstate revenues.”¹⁴

⁹ Staff Study Comments of Virgin Mobile USA, LLC (“VMU”) at 3-4.

¹⁰ VMU at 5.

¹¹ Staff Study Comments of TracFone Wireless, Inc. (“TracFone”) at 25.

¹² Staff Study Comments of National Telecommunications Cooperative Association (“NCTA”) at 3-4, 7.

¹³ Staff Study Comments of American Public Communications Council (“APCC”) at 2.

¹⁴ Reply Comments of WorldCom d/b/a MCI at 37.

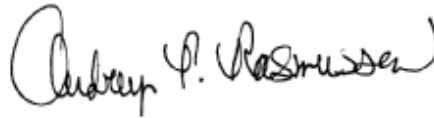
In sum, there are too many inaccurate assumptions and as a consequence, too many flawed conclusions to make this Staff Study a dependable support for any Commission decisions that would dramatically change the present revenue-based system.

II. CONCLUSION

WebLink respectfully requests that the Commission accept and consider its reply comments addressing concerns about the Staff Study's assumptions and conclusions.

Respectfully submitted,

WEBLINK WIRELESS I, L.P.



David L. Hill
Audrey P. Rasmussen
ITS ATTORNEYS

HALL, ESTILL, HARDWICK, GABLE, GOLDEN & NELSON, P.C.
1120 20th Street, N.W.
Suite 700, North Building
Washington, D.C. 20036-3406
Telephone (202) 973-1200
Facsimile (202) 973-1212

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